

Senator Tom Tiffany

Testimony on Senate Bill 434 - relating to the Managed Forest Law Program

Thank you members of the Committee on Sporting Heritage, Mining, and Forestry for allowing me to testify on Senate Bill 434 relating to the Managed Forest Law program.

Wisconsin's Managed Forest Law (MFL) and its precursor, the Forest Crop Law, were designed to sustainably improve the supply of forest materials to mills across Wisconsin and do so in a sustainable manner. The MFL program allows participants to enroll at least 10 acres of forest land at reduced property tax rate. A parcel can be either enrolled as "open" or "closed." An open designation would allow public access without landowner permission, whereas a closed designation would allow public access only with landowner permission. A management plan accompanies each parcel in either designation, which spells out the objectives and harvest goals of the owner. Each order is enrolled for a period of 25 or 50 years. In return, MFL participants make a payment in lieu of regular property taxes. This payment is based on whether the parcel is enrolled as open or closed, and closed has a higher rate.

In 2013, the Governor's Council on Forestry met with the goal of simplifying the MFL program and reducing the Department of Natural Resources administrative burden. After meeting with stakeholders the council reached consensus on seventeen possible changes. Those modifications were forwarded to the legislature in the form of 2013 Assembly Bill 700 and Senate Bill 543. Ultimately AB 700/SB 543 did not pass but eleven of the seventeen provisions in Council on Forestry's recommendations are included in SB 434.

MFL participants sign an agreement when enrolling in the program but for too long this has been a one way street. The DNR makes changes to the program leaving the owner with little to no recourse. By creating an equal partnership between the land-owner and the Department of Natural Resources. The land-owner will now have the freedom to leave the program if changes are made which conflict with their management goals, a principal which is fundamental to the program.

An issue of primary importance is lifting the caps on MFL Closed per municipality. Currently, the law only allows 160 acres per owner per municipality to be closed. We recommend removing the caps because many property owners are circumventing the caps by simply creating separate legal entities. It is time to stop the charade of the 160 acre limit, and the unintended consequences it created. Removing the cap would encourage more lands to be enrolled in the MFL program and reduce parcelization, because landowners would not need to divide their properties into 160 acre tracts. It is also very important to remember that while a property may be designated MFL closed, that does not mean a sportsman cannot receive access. Often times it is just a matter of requesting access from the owner.

2003 Wisconsin Act 228 established a new formula for calculating the MFL tax rates. Since that time the closed acreage fees generate an estimated \$8.6 million for the state. Currently, that money is deposited in the Forestry Account of the Conservation Fund. SB 434 proposes to return this money to the towns

and counties in which it is collected. The money would be split 80/20 between the town and county. This money would go a long way towards maintaining roads that are often used for forestry purposes, this is especially true in the northern towns and counties.

The MFL program is a state wide tax incentive program that has over 44,000 parcels enrolled encompassing over 3 million acres. SB 434 proposes to make significant changes that will improve the program and recognize the work of the Council on Forestry. I again want to thank the committee for hearing this bill.

Tom Tiffany Wisconsin State Senator 12th Senate District

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Town Valuation

	MFL Acreage	reage				Town	Town
	Open	Closed	Town's Share	Share	State's Share	Equalized	Assessed
			Open	Closed	Closed	Value	Value
2002	20,057	2,589	\$13,377	\$1,891	\$2,229	\$82,654,500	\$63,571,300
9002	20,045	2,533	\$13,477	\$1,775	\$2,287	\$88,878,900	\$66,225,800
2007	19,885	2,653	\$13,375	\$1,854	\$2,287	\$97,013,800	\$98,371,562
8002	19,863	2,896	\$10,587	\$1,824	\$3,322	\$99,744,600	\$92,418,824
6007	19,895	2,949	\$11,001	\$1,868	\$3,671	\$100,165,600	\$98,604,300
2010	19,973	11,176	\$10,987	\$13,069	\$59,062	\$82,004,600	\$85,966,200
2011	19,601	11,313	\$10,701	\$13,089	\$61,175	\$79,872,000	\$87,095,900
2012	19,579	11,645	\$10,642	\$13,825	\$63,757	\$77,203,800	\$81,855,850
2013	19,580	11,679	\$12,743	\$17,900	\$83,572	\$73,275,900	\$81,882,300
2014	19,582	11,588	\$12,781	\$18,250	\$86,547	\$74,233,900	\$82,696,300



WISCONSIN COUNCIL ON FORESTRY

Scott Walker, Governor

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Henry Schienebeck Chairman Butternut

> Jane Severt Vice-Chair Rhinelander

R. Bruce Allison Verona

> Troy Brown Antigo

Matt Dallman Tomahawk

Paul DeLong Madison

> Tom Hittle Tomahawk

James Hoppe Rhinelander

James Kerkman Bangor

Rep. Jeffrey Mursau Crivitz

> Kimberly Quast Fond Du Lac

Mark Rickenbach Madison

> Paul Strong Rhinelander

Sen. Tom Tiffany Madison

> Virgil Waugh Milton

Richard Wedepohl Madison

Assembly Public Hearing Committee on Environment and Forestry

Wisconsin Council on Forestry Informational Testimony on 2015 AB561 December 8, 2015

Wisconsin's Council on Forestry appreciates the opportunity to offer comments on 2015 AB561, legislation containing changes to Wisconsin's Managed Forest Law (MFL).

The Council firmly believes Wisconsin's MFL Program is critical to the continued sound stewardship of Wisconsin's private forestlands and the economic strength of the State's forest industry. We commend the legislature for recognizing the importance of MFL and attempting to make changes to the program to better ensure its continued existence and acceptance by private forestland owners, local units of government, and the general public.

Of Wisconsin's nearly 17 million acres of forest, approximately 10.2 million acres, or roughly 60 percent, are privately owned, of which, over 3 million acres are enrolled in MFL. Approximately 360,000 families and individuals own the majority of private lands entered in MFL and they play a vital role in Supporting Wisconsin's timber industry.

Wisconsin's forest industry is the second largest industry in the state producing products valued at \$22.9 billion annually. Forest industry is the number one employer in 7 of Wisconsin's 72 counties and Wisconsin is the number one paper producing state in the U.S. Approximately two-thirds of the wood harvested and utilized in Wisconsin comes from privately owned forestlands.

Since 1927, with the inception of the MFL's predecessor the Forest Crop Law, Wisconsin has relied on property tax incentives to promote sustainable forest management and timber production on private forestlands. The MFL has been enhanced from the earlier law to further public benefits and protect individual property owner objectives while continuing to meet the core MFL purpose as defined by State Statue.

In June of 2013, Wisconsin's Council on Forestry generated a final report containing recommended MFL revisions, a copy of that report is included with this

testimony. The Council considers the results of their efforts to be a "package deal", meaning there was a great deal of give and take by all involved stakeholders to arrive at the recommendations contained in the final report.

The Council's intent for proposed revisions focused on a few key criteria, including:

- Reducing MFL DNR administration costs and law complexity
- Maintaining public, local government, and landowner support for MFL
- Supporting continued MFL functionality relative to core MFL purposes as defined by State Statute
- Encouraging continued enrollment and re-enrollment of private forestland in the MFL program
- Addressing concerns of MFL forestland owners and stakeholders

Because of the importance of Wisconsin's forests to our economy, environment, and quality of life it is imperative we serve the interests of the people of Wisconsin through carefully maintained forest-based incentives such as the Managed Forest Law.

Respectfully,

Henry Schienebeck, Chair

Wisconsin Council on Forestry



Wisconsin Consulting Foresters (WCF) Statement of Position regarding proposed MFL Bill (LRB-3256/1)

December 7, 2015

Dear Senator Tiffany and Representative Mursau:

Wisconsin Consulting Foresters (WCF) is a 501.c.6 non-profit trade association whose members provide professional forestry services to clients throughout Wisconsin. WCF provides a voice for forestry professionals that serve woodland owners of Wisconsin. Our members contribute greatly to the application of forest management on privately owned lands and enrolling lands into the Managed Forest Law program. Our members are very engaged with the Managed Forest Law program and WCF has been actively involved with the recommendations that encouraged this draft legislation.

Wisconsin Consulting Foresters (WCF), following review of the proposed MFL bill, wish to first express our concern for much of the intent of this bill. While we are supportive of numerous concepts that this bill addresses, we feel there is a lack of detail that generates many questions. We are unable to support this draft legislation at this time due to several major concerns.

Our membership wishes to express disapproval over the expansion of pre-approved cutting notices for additional organizations or professionals. The initial incorporation of pre-approved cutting notices was just recently instituted in the 2015 budget bill. WCF does not approve of this expansion without the effects of the initial legislation being tested. Allowing pre-approved cutting notices to service providers not bound under a class of professional standards will further compromise the professionalism of our field. Additionally, there are no ramifications to the other proposed groups for poor performance.

WCF also cannot support allowing lands to be re-enrolled without the development of a new MFL plan. We stress that a field review of re-enrolled lands is critical. Not only is the forest ecosystem ever changing, but also many of the plans developed during the initial enrollment period have proven inadequate and are often abbreviated, contain erroneous data, or are simply outdated.

WCF does support the ideas that relate to landowner rights and the intent of the MFL program. We believe concepts that give landowners more control and ownership in the MFL program and address inconsistencies are necessary for the program's future success. Allowing small parcel withdrawals, the withdrawal of land as a result of natural events, and decreasing the early withdrawal penalty will make this program more attractive to prospective new enrollees. However, we are concerned about not making it too easy for withdrawals and want landowners to be committed to long term management of their woodlands.

Our members strongly support action that will increase the acres of sustainably managed forestland in the State of Wisconsin, but we do not support trading this positive advancement with degraded professional expectations and standards.

Sincerely,

Donald R Leten Donald Peterson, Chair

Wisconsin Consulting Foresters (WCF)



Kimberly K. Quast

Consulting Forester

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Phone/Fax: (920) 238-9027

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Testimony Regarding Proposed SB 434

Dear Senator Tiffany and Representative Mursau:

I am a forestry consultant operating out of Fond du Lac, Wisconsin. I have practiced private forestry in east Central and Southeast Wisconsin for the past 14 years. I would estimate I have written over 500 Managed Forest Law (MFL) plans for private landowners in that time. About 75% of the timber sales I set up each year are on lands enrolled in MFL. I am very active in professional forestry organizations and I have served on many committees researching and making recommendations to the State, legislature, and otherwise regarding forest management policy and issues. Wisconsin is a beacon of success throughout the nation in the high degree of forest management activity occurring on private lands as a direct result of the Managed Forest Law program. The impact this program has on the forest products industry cannot be denied and should be strongly considered with any proposed policy change.

I have reviewed proposed SB 434 and support the Legislatures intent of the Bill. The MFL program has changed immensely over the past 30 years and it's time to update the program to clean up inconsistencies; address unintended conflict; and reflect current economic conditions. Being one of the few foresters operating in Southeast Wisconsin, I am intimately involved in the impact Emerald Ash Borer is having on our private forest lands. Landowners are losing entire tracts of land at an alarming rate and the provision to allow the withdrawal of lands, or parts of, as a result of natural disasters is a much needed provision.

I have great concern, however, regarding several provisions included within the Bill. First, the proposed 20 acre minimum for entry into the program should be reconsidered. Twenty acres is a very common ownership size. Should a landowner wish to enroll their 20 acre parcel, and leave 1 acre out for a structure, this limitation will eliminate the opportunity for many landowners throughout the State to enroll and may ultimately result in further parcelization. I would strongly recommend reducing this minimum acreage to 15 acres. Fifteen acres was the intention of AB700/SB543.

Expanding pre-approved cutting notices at this time seems very premature. This legislative change applying to Cooperating Foresters has just been implemented in 2015. It would seem more appropriate to allow time for the current process to prove effectiveness, efficiency, and continued professionalism, before further expansion is considered. In addition, Cooperating Foresters can be reprimanded for poor performance. The proposed 'additions' to this exception have no ties to a professional organization that would offer retribution for poor performance.

Lastly, re-routing the entire closed acreage fee to the towns and counties is a recommendation of good intention; however please consider the impact this will have on the Forestry Account. I would agree that towns and counties should be better compensated for the decreased income as a result of enrollment, but a study of the impact to the Forestry Account should be considered and a balance between the two negotiated.

As a small business owner concerned about the impact this Bill will have on my clients and the forestry profession, I cannot support this bill as written. I sincerely thank you for the opportunity to provide comment.

Respectfully

Kimberly K. Quast

Quast Forestry Consulting

Sen.Tiffany

From:

Earl Gustafson < Gustafson@wipapercouncil.org >

Sent:

Tuesday, December 08, 2015 11:24 AM

To:

Sen.Tiffany; Sen.Roth; Sen.Moulton; Sen.Wirch; Sen.Vinehout

Subject:

Wisconsin Paper Council Regarding AB 559 and AB 561

Senator Tiffany and Members of the Senate Sporting Heritage, Mining and Forestry Committee:

The Wisconsin Paper Council is unable to appear at the public hearing tomorrow in Antigo addressing AB 559 and AB 561 so instead provides this e-mail with our thoughts on the legislation.

Due to the compressed schedule, not all of our association's members have been able to provide us with their reactions to the bills. Thus our comments today are general. If we have specific comments to offer in the future we will provide them to you as promptly as possible.

That said, we appreciate the work of Senator Tiffany, Representative Mursau and their legislative colleagues who have invested substantial effort and time toward identifying potential improvements to the Managed Forest Law. Their work as legislators, and their outreach to the diverse array of stakeholders, is meritorious.

The Paper Council also wishes to reiterate its support for the Managed Forest Law which is a leading program to help assure forest productivity and sustainability in consort with the many environmental, recreational and socio-economic benefits that well-managed forests generate. The MFL is highly valued by Wisconsin's paper industry and we are supportive of initiatives targeting continual improvement in the program.

From a broad perspective, while the "devil is in the details", the Paper Council has no specific criticisms or alternative recommendations to identify to AB 559 or AB 561 at this point.

Earl Gustafson VP - Energy, Forestry & HR Wisconsin Paper Council 5485 Grande Market Drive - Suite B Appleton, Wisconsin 54913 920-574-3752 (desk) 920-419-7033 (mobile)

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Wisconsin County Treasurers' Association

December 9, 2015

SENATE BILL 434 – MANAGED FOREST LAND TESTIMONY

Given to: Senate Sporting, Heritage, Mining & Forestry Committee

Given by: Wisconsin County Treasurers' Association

Lynn Neeck, Legislative Committee Member

Good morning and thank you Mr. Chairman and Committee Members for the opportunity to address you today regarding Senate Bill 434/Assembly Bill 561. My name is Lynn Neeck. I am the Price County Treasurer and am here today representing the concerns of the Wisconsin County Treasurers' Association along with the interest of the taxpayers of Price County.

I want to start with commending Senator Tiffany, Representative Mursau and others involved with committing their time and effort to tackling the issues of the Managed Forest Law program in this bill. It is not an easy task to accommodate the interests of all the parties affected by the MFL program.

As county treasurers we are held fiscally responsible to the taxpayers of our counties. Since the inception of the Managed Forest Law program in the 1980's there have been issues with the program that have affected counties, in particular, property taxation. The MFL program provides tax breaks for landowners while encouraging private conservation. Instead of property taxes, landowners pay a forest acreage tax which appears on their tax bills. These forest acreage rates change every five years. Currently the acreage rate for Managed Forest Open is .79/acre if enrolled 2004 and earlier and \$2.14/ acre after 2004, Managed Forest Closed is \$1.87/acre 2004 and earlier and \$10.68 after 2004.

The fiscal impact for landowners in the MFL program is clear...they pay significantly less in "property" taxes. Local governments rely on property taxes to finance the budgets that provide services to the people. Removing property from the tax rolls causes a shift in the tax burden onto the remaining taxable properties, namely residential, commercial and productive forest classifications.

The concern of the county treasurers is this shifting of the taxes to the homes and businesses while other classifications are taxed at a lesser amount especially in the northern part of the state where over 40% of the property is tax exempt due to Federal, State and County forests along with the private sector enrolling in the MFL program. As enrollment in the MFL program increases the equalized value of a county is reduced. A lower equalized value means a smaller tax base. By reducing the tax base the levied dollars are collected from fewer taxpayers, increasing the tax amount to be paid.

In the northern counties of Wisconsin, there are hundreds of thousands of acres in National Forests, State Forests, and Managed Forest Land programs. In counties such as Price County, this makes up 73% of the property, leaving only 27% of the land that is taxable. Programs such as the MFL program place a substantial tax burden on the few taxable parcels in these northern counties. As property taxes increase, more and more land owners place their property in the MFL or Ag Use programs, only increasing the burden more.

I personally love living in northern Wisconsin, where there are more trees than people. I relish the beauty and serenity of our forests. The forests are essential not only for tourism, but for the economic strength in our industries.

WCTA feels the proposed bill is progressing in the right direction for changes to the MFL program.

Elements of SB434 WCTA Supports

- Counties and municipalities retaining the closed acreage fees that used to be paid to the state. The revenue from this change will benefit the municipalities at a time when the National Forest Income from the Secure Rural Schools program expired September 30, 2014 and was not reauthorized by congress. The municipalities in Price County lost \$186,000 due to the loss of the National Forest Income payment. Based on the amount of acreage currently in MFL Closed, Price County would see an increase of \$57,000 for their 20% of the closed acreage fee and the municipalities would realize \$229,000 for their 80% portion of the closed acreage fee. These amounts would be good through 2017 when the acreage rates are recalculated for the next five years. The fear being, the new acreage rate dropping on the MFL- Closed. Currently G6 Productive Forest classification is averaging about \$26/acre and as high as \$37/acre in Price County. Based on these figures, the \$10.68/acre for MFL-C is still a substantial tax break.
- Secondly, removing eligibility if a building or improvement exists on the parcel is one of the
 changes the treasurers are very pleased with. Currently buildings and improvements located on MFL
 parcels are treated as personal property on leased land, causing an issue when the owner does not pay
 the personal property tax as there is little recourse for municipalities to collect delinquent personal
 property.
- In conjunction with the disallowing of buildings or improvements is the change that allows 1 to 5 acres
 to be withdrawn for the purpose of building. I am hoping this change will encompass withdrawal of
 acreage for existing buildings on MFL land to make the parcels compliant.
- WCTA is also in favor of allowing landowners to restore productivity or withdraw unproductive acreage without a fee due to natural disaster.

What WCTA Does Not Support

The one aspect of the bill that the county treasurers are adamantly opposed to is the **removal of the "cap" on Managed Forest Law Closed, allowing more than 160 acres to be enrolled** in the closed program by the same owner. Several treasurers are currently experiencing the same owner using different aliases/names as a loophole to exceed the 160 acre limit. We are told by the DNR that the purpose of the MFL program is to make more land open to the public. Allowing landowners to exceed the 160 acre limit <u>increases the inability of access</u> for the public especially in counties where there is little or no National, State or County forests.

Another issue we are currently seeing with the closed is <u>landowners surrounding their MFL-Open parcels with closed</u> cutting off access to an open parcel. The MFL program was not only designed for maintaining sustainable forests but also to have public lands available for all to use recreationally. We do understand the landowners concerns of vandalism and disrespectful treatment of land by the public using the land, but that is a choice the landowner made when entering into the MFL program. The landowners could keep the property classified as G6 Productive Forest and have full control of who is allowed access to the property.

Thank you for this opportunity to testify. The treasurers are very interested in continuing to work with you on this bill to ensure the MFL program runs smoothly and fairly for all entities involved.

Respectfully,

Lynn Neeck, Price County Treasurer

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Wisconsin County Treasurer's Association

Price County Acreage ~ 2015

816,000 Total number of acres in Price County

364,671 acres Public Lands

247,691 National Forest

88,480 County Forest

28,500 State Forest

61,644 acres Agricultural (pays taxes based on use rather than assessed value)

34,801 acres Ag Forest (taxes based on 50% of market value)

320,947 acres Privately owned Forest in which: (181,079 acres Productive Forest)

71,031 acres MFL-Closed

64,292 acres in MFL-O

4,545 acres in PFC/FCL

(Total 139,868) or approx. 44% the acreage is in MFL/FCL)

101,196 acres

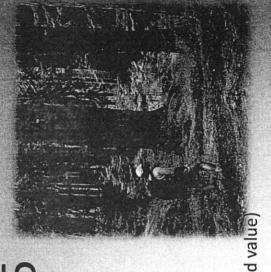
11,891 acres roads

89,305 acres swamp/undeveloped (taxes based on 50% of market value)

* 204,206 acres- Residential (19,775)/ Commercial (1,707)/ Manufacturing (752)/ Productive Forest (181,079)/ and other (893) that the tax burden

is shifted to pay property tax.

of the land in Price county is fully taxed (total assessed value x mill rate)



2015 ACREAGE & VALUATIONS - PRICE COUNTY

COMMERCIAL		PRODITCTIV	U-3307	JE FORFST	INDEX	INDEVELOBED	EXEMPT FEDERAL	EVENDT STATE	EXEMPT	EXEMPT	TO THE WAY
Value	Value		Acres	Value	Acres	Value	Acres	Acres	Acros	Acres	MAINUFACI
16.000 40,900	40,900		7,403,350	10.152.600	1 823 322	691 800		170 071	Since	ACT 63	Acres
1,7	764,000		7,798.790	12,423,300	4,927.393	1.290.200	27 235 550	748 418	The state of the s	1451.651	
30.370 6,876,400	876,400		8,946.436	14,670,200	6,279,704	1,761,000		751 403	0966	107 352	NCE 9
17.500 484,700	484,700	_	9,291.760	1,487,220	6,489.055	2,038,800	36.569.330	1 327 624	4 420	80 160	
94.038 5,406,900	406,900	_	13,115.150	19,308,100	3,900.015	718,800	66,289.206	573.721	17 343	215 729	65 100
79.328 2,517,100	517,100	_	14,997.215	23,771,300	7,192,613	1,776,400	The Later of the l	12.085.249	41 030	340 926	
2.000 22,000	22,000	_	4,512.985	6,382,100	1,347.650	332,400		80.812		85 700	
5.000 9,000	000'6	_	8,688.770	13,812,400	9,324.110	2,194,500	The state of the s	3,411.099	3.000	167 936	
			3,710.414	5,444,700	6,418.480	2,125,400		1,609,246		179 977	
17.800 614,600	614,600	-35	8,328.393	13,467,900	2,457.731	608,500	Designation of the second	131 475	42 057	38 910	STATE CONTRACTOR
6.000 253,000	253,000		7,573.939	10,319,700	2,024.749	604,900		2.556	1 000	210.260	
23.170 777,900	777,900		10,938.970	16,869,000	5,102.030	1,770,100		The Case Market of	9 370	306.820	
144.031 4,387,400	387,400		16,583.493	26,939,000	4,994.834	2,819,000	POLICE AND THE PARTY OF THE PAR	7.128.935	72 540	306 571	17.670
46.443 1,413,500	413,500		19,198.307	24,646,500	6,451,439	1,988,000	Carl Market Carl Carl	114.709	257 364	148.451	
327.390 2,394,000	394,000	_	17,659.793	24,244,700	4,705.770	2,427,300		288.567	13.000	352 570	
	793,300		9,162.552	12,534,900	2,561.280	1,266,700	Sand In second and a	78.586	2.283	131 835	STATE SAME
137.145 5,352,200	352,200	_	12,162.133	18,322,100	12,591.988	3,393,500	21,816.850	671.108	476.627	409 838	78 420
30.115 795,500	795,500		379.000	437,300	421.960	144,200	作がよう	Williams about the second	1 084	68 018	
12.810 609,600	009,609		178.800	185,400	160.130	50,600	1.080			106 390	17 314
94.392 5,057,000	057,000		169.690	256,000	78.520	30,700	THE STANSFORM OF	1 284	2 200	735 676	
283.818 36,728,900	728,900			The state of the s		Co. At the present of A supplement	6.704	6 549	1 211	531.462	207 562
121.233 21,483,000	483,000		279.405	159,300	52.020	78,000	0.344		246.593	391.633	
1,706.845 97,780,900.000	000 006		181 079 345	181.079.345 255.833.720.000	80 304 703	28 110 800 000	151 010 064	20 (22 212	1 201 172	007074	ľ

	AGRICULIURAL	IUKAL	AGI	AG FOREST	AG C	AG OTHER	MFL-	MFL-CLOSED	MFL-	MFL - OPEN	pk	PFC	COFOREST
	Acres	Value	Acres	Value	Acres	Value	Acres	Value	Acres	Value	Acres	Value	Acres
	5,103.440	572,100	1,773.680	772,600	41.000	1,380,000	3,581.620	5,060,700	5.467.300	7 733 800	2 275 540	3 057 400	CALICS
I. Eisenstein	1,877.610	215,400	1,317.320	1,048,500	000'6	367,100	1,550,960	2,087,400	1.714.320	2 031 300	0000	001,100,0	79 160
	3,346.012	353,100	2,075.100	1,584,500	33.960	1,350,700	4,653,450	6,838,900	2,134.930	3 118 100	40 000	57 600	2 851 410
	2,891.818	446,700	2,487.456	1,978,200	49.000	2,057,600	3,752.370	5,512,600	2,465,200	3 688 100	0000	200,10	4 119 600
	1,831.330	177,400	822.990	538,400	100.940	1,431,400	2,419.160	3,673,800	2.786.490	2 837 000	80 000	107 900	7 316 080
F. Flambeau	2,717.580	333,100	2,223.669	1,773,200	41.920	1,778,100	5,874.433	7,400,400	9,041,967	10,547,900	1 060 730	1 200 100	4 507 685
l. Georgetown	3,019.460	306,800	1,133.270	799,300	40.000	1,623,900	841.870	1,216,400	1,458,980	2 002 500		201,000,1	576 975 17
A STATE OF	2,006.370	244,100	1,876.490	1,517,800	19.000	809,000	4,696.780	6,119,300	6,043,840	8.439.800		National Property of the Party	8 755 050
	1,959.520	207,200	1,374.140	1,014,600	9.000	357,000	1,242,740	1,235,400	340 000	365 300			5 862 890
The State of the	1,797.350	235,500	1,325.860	1,056,400	17.000	817,600	3,649.622	5,649,000	3.882.490	6 397 000	119 676	103 300	2,802.830
	6,285.861	693,200	2,243.240	1,564,000	134.500	4,923,100	2,550.160	3,472,400	929.800	1,511,600	40 000	56,000	22 217 080
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513,721.796 acres \div 805,587.293 total acres = 63% exempt/reduced taxed 291,865,497 acres \div 805,587.293 total acres = 37% taxable land

188,074.730 97,299.438 228,347.628 **513,721.796**

Total Exempt Acreage (Fed, State, Cc Total Ag Land Acreage Total MFL, PFC, CFL Acreage Total Non-Tax Acreage 291,865.497

Total Taxable Acreage



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December 9, 2015

WWOA Testimony to the
Assembly Committee on Environment and Forestry
in Support of SB 434

I am Paul Kienitz, President of the Wisconsin Woodland Owners Association (WWOA). I represent thousands of Wisconsin's private woodland owners. In Wisconsin, 56% of the forested land is privately owned. WWOA members lead private woodland owners in science-based sustainable forest management through education and by example. This assures that premium forest products are available to existing and future wood utilizing industries in Wisconsin.

The Managed Forest Law (MFL) program is unique, vital, and consistent with long-term sustainable forest practices as are our comments and recommendations. Many WWOA members currently hold Managed Forest Law (MFL) contracts with the WI DNR and many others are contemplating whether or not to enter or renew under this program.

WWOA supports SB 434. WWOA thanks Committee members for their consideration and inclusion of many of our comments provided during last year testimony regarding proposed MFL changes.

Specifically, WWOA supports the following provisions:

- Clarifying that MFL is a "contract" between MFL participants and the State in statute and allowing for landowners to accept "material changes" to the program and continuing under MFL or reject these changes and voluntarily withdrawing the land without penalty. MFL participants and those considering enrolling utilize existing criteria to decide if they can meet MFL's long-term commitments. Recognizing MFL as a contract fortifies confidence that the contract will be honored by both parties. We request two changes to this provision. Please consider including a third option under this provision, allowing the MFL landowner to continue under their existing contract provisions (pre-material changes) until the expiration of the contact period. Regarding "material changes" we request that in addition to changes made through statute and rule that DNR program guidance also be included.
- Ability of landowners with closed MFL acreage to permit a person who
 performs land management activities on the land to access the land to
 conduct recreational activities. WWOA request the Committee consider full
 reinstatement of the option to lease closed lands for uses compatible with the
 practice of forestry as found in AB 559.
- Reallocating MFL closed acre taxes to counties and towns to be spent as they see fit.
- Defining of natural disasters and we strongly encourage the Committee to consider adding "animals" to the definition. Animal populations greatly impact forest productivity throughout the state and private landowners have very little control over regulating these populations.

- Allowing MFL landowners the time to deal with a natural disaster/environmental concerns and reestablish productivity on the land. If productivity is unachievable to allow MFL landowners the opportunity to withdraw the necessary lands without a penalty. WWOA prefers that rules not be promulgate by WI DNR on what is a reasonable length of time but recommends allowing the forester and landowner to work together to determine a reasonable time period for recovery of productivity levels.
- Limiting and allowing partial or total voluntary withdrawals for the purpose of construction or small land sales while the remainder of the parcel continues in the MFL program. The ability to transfer or sell only necessary lands keeps more productive forest land in the program.
- Revised method of calculating the withdrawal tax creates a more transparent and administratively simplified procedure. A more equitable balance is created by capping the tax for a 10 year period.
- Clarifying that "recreational activities" on MFL lands need to be compatible with the practice of forestry.
- Ability of all MFL landowners to add smaller parcels of land to existing MFL orders simplifying the administrative process for the landowner and WI DNR. We request clarification of the inserted language by deleting the word "currently".
- Ability of MFL landowners to more easily transfer parcels of land while keeping them in the MFL program.

WWOA has concerns regarding other provisions within this bill:

- The elimination of the yield/severance taxes from the MFL program. Historically Wisconsin forest tax programs have included a harvesting tax allowing woodland owners to defer payment until an income is earned from their long-term crop. This has increased sustainable forest management of Wisconsin's forests by deferring taxes until there is income, lessening the need to high grade timber in order to pay annual property taxes. Timber managed sustainably over a longer period of time produces better quality and value resulting in higher stumpage fees and more dollars going to local governments. The collection of yield taxes allows the WI DNR to also collect information on the species and volume of wood harvested. This data is used by current forest industries and in attracting new forest products businesses to Wisconsin.
- Creation of § 77.06 (1)(b) 2.d. and 77.86 (1) (b) 2. d. defines a forestry technician and placement of this in statute will allow forestry technicians to act as foresters. Wisconsin has two universities offering a Bachelor of Science degree in forestry that are accredited by the Society of American Foresters (SAF) as do many other Midwest states. WWOA does not support allowing forestry technicians to advertise or act as foresters when they have not received this level of professional training. WWOA could accept allowing forestry technicians to do work for participating MFL landowners and on state lands if the legislation was changed to require the work be completed under the supervision and signature of a professional forester.

- The removal of buildings and associated improvements from MFL land. This is more restrictive than the current statute and does not speak to whether current MFL landowners with buildings will be grandfathered in? Definitions created for "improvements" raises some questions how is "placed on the parcel for its benefit" defined? If fencing that "prevents the free movement of wildlife across the parcel" is considered an improvement then landowners will not be able to afford to regenerate forests in areas of high deer populations.
- Limiting enrollment in the MFL program to woodland owners with 20 or more
 acres. WWOA's experiences have found that landowners generally start with
 smaller tracts of land due to affordability and then as they become more
 engaged in sustainably managing their woodlands; they aspire to purchase
 more acreage. By doubling the minimum acreage requirement, from 10 to 20
 acres, this may unintentionally exclude less affluent landowners and those
 owning woodlands in southern Wisconsin.
- Using the definition for "business entity" as listed under the Regulation of Lobbying subchapter to determine landowners that can close more than 160 acres. This definition would not allow most private woodland owners who per the IRS definition of a business/investment operate their tree farms with a profit motive to qualify for additional closed acreage. In addition, it would eliminate many types of woodland that are limited liability companies, partnerships, or trusts.
- Most woodland owners appreciate being made aware of natural, cultural, historical, or archeological features on their property through the Natural Heritage Inventory program. WWOA believes the WI DNR has the responsibility to restrict an approved cutting based on standards established under this program.
- WWOA believes it is unrealistic timeframe for the WI DNR to be required to notify the filer of the cutting notice by certified letter or electronic mail no later than the end of the next business day of the DNR's decision to approve or deny a cutting notice. Currently DNR has an approval rate of 87% for first time cutting notices submitted with an average time of 7.4 days. 97% received final approval rate within an average of 8.9 days. WWOA finds these rates acceptable. It takes years to grow a forest crop ready for harvesting. This decision is too important not to have sufficient time for review of this critical decision by the organization tasked with oversight and formal approval.

WWOA greatly appreciates the work of this Committee to strengthen the MFL program and create a more acceptable program for participation by private woodland owners. WWOA recognizes the value of the MFL program and is committed to working with the legislature, Council on Forestry, WI DNR and others so that our forests will continue to be sustainable, healthy, and productive while providing a high quality of life to our citizens and visitors alike.

Testimony on SB-434 - Proposed Changes to MFL

Senator Tiffany and Members of the Senate Committee on Sporting Heritage, Mining & Forestry, thank you for the opportunity to testify in support of SB-434.

My name is Jerry Knuth of Plover, WI. I am chair of the Wisconsin Wildlife Federation's Forests, Parks & Recreation Committee. My family has 40 acres in the Managed Forest Law and I also have a long-standing interest in a dog training and trialing facility which is a fenced enclosure for cottontails. The Central Wisconsin Beagle Club is an AKC affiliate. This Dog Training Facility is also enrolled in MFL. As such, I 've been watching the proposed changes in MFL as those ideas have evolved over the past 5 or 6 years.

I should also zero in on that Dog Training and Trialing Facility that I represent. The Central Wisconsin Beagle Club was organized in 1954 and purchased their 72 acre training grounds in 1961. In 1963, they were the first beagle club in Wisconsin to fence this 72 acre parcel which is designed as an upland game facility with cottontail rabbits being their primary interest. The cottontails are free-roaming within the facility and the club provides year-round game management which includes clover strips in the summer and pellet feeders during winter months. We have sufficient cover year round.

My father's generation had the foresight to enroll this facility in the MFL Program and with the help of our local DNR forester, we've learned to become woodland owners while managing for wildlife habitat. We recognize the MFL as a "deferred tax program" which allows us to pay-as-you-go. We are nearing the end of our first MFL contract period and are looking to secure a renewal of this program. Without this pay-as-you-go format, the dramatic shift in our property tax structure would likely put our club out of business.

There are currently 10 Beagle Clubs in Wisconsin that have cottontail enclosures and all are licensed to operate under Wisconsin's Hound Dog Training & Trial Permit Program as guided by the WDNR Wildlife Division. Three of these clubs are enrolled in MFL → The Central Wisconsin Beagle Club near Wisconsin Rapids, the Milwaukee Beagle Club near Kewaskum and the Willowa Beagle Club near Platteville. These 3 clubs are looking to be in a positon to renew their MFL programs when they come due. We believe that the language in SB-434 will allow each of these 3clubs to work with the DNR to "grandfather" their MFL programs.

Jerry Knuth

Plover, Wisconsin

(715) 340-5414 {my cell #)

CENTRAL WISCONSIN BEAGLE CLUB "CWBC"

Execution of Managed Forest Law "MFL" Contract

The CWBC grounds have been enrolled in the MFL for a number years with our contract coming due in 2017. The MFL is an effective "tax deferral program" designed around Wisconsin's needs to produce timber and pulp. CWBC has managed our grounds in a crop rotation format which along the way enhances wildlife habitat. Since moving to these grounds in 1961, the club has effectively harvested two rotations of timber and pulp in a systematic manner. Here are some key points that have worked well for these grounds to date:

- ➤ All aged pulp & timber will need a minimum of 25 years of growth with mature trees being the objective of the program. Forester Steve Grant recommends that we manage the property for pulp.
- > MFL does allow for wildlife habitat management and is in line with our club's need to provide for our resident wildlife and still fits well with the intent of the MFL program..
- Thinning of tree clumps (mostly maple and some cherry) can be done systematically. Take clumps of four and reduce them to the healthiest & straightest tree.
- The club has embarked on a "buckthorn eradication program" which will take several years. Truthfully, buckthorn is a much bigger tree growing problem than any wildlife girdling that occurs on the property. We have begun to deal with the buckthorn issue.
- > The club will continue to do spring plantings (white pine and spruce) on the edges.
- > A by-product of our timber harvests has been the remaining limbs which provide additional cover piles for rabbits.
- > The use of wood pallets in cover piles also helps create "rabbit cribs" and will last longer than the normal limb piles.
- > Rabbit pellets provide supplement food over winter and reduces the need for winter browse.
- ➤ It has been recommended that in the thinning process, we cut trees to ground level to reduce the danger of disease during regeneration.
- > We will maintain the timbered buffer along both sides of the drainage ditch that separates the north and south sides of the grounds.
- ➤ Dead trees (mostly oak wilt & stressed pine) can be cut for firewood leaving some dead standing trees for the woodpeckers.
- > By maintaining a "young" forest type we are not only providing ideal rabbitat, but also excellent habitat for migrating avian species (i.e. woodcock and warblers).

Richard Wedepohl Testimony on 1984, December 8th, 2015

Thank you Mr. Chairman and Committee members for this opportunity to testify.

My name is Richard Wedepohl. I'm a private woodland owner and I also serve as the non-industrial private woodland owner's representative on the Council on Forestry.

As a Council representative I played a major role in developing the set of recommendations you've been provided. Today however, I am testifying on my own behalf.

Let me begin by going back to when the MFL legislation was first passed in 1985. At that time I was employed by the DNR and had a variety of lake water quality and watershed improvement responsibilities.

As a DNR employee in the 1980's and 90's I was a strong advocate for the Managed Forest Law. Our state still had significant water quality issues, not the least of which was the degradation of many of our high quality trout streams, degradation caused, in part, by the grazing of wooded hillsides. Thanks to a variety of efforts, including promotion of the Managed Forest Law and a state grant program, we saw thousands of acres of woodland restored by removing cattle from them. Trout streams responded and provide some of the best trout fishing in the Midwest. Unfortunately that trend is now being reversed.

In 1995, with passage of Act 27, the law was changed to allow use-value assessment of agricultural lands. Production of timber was not included in the definition of agricultural lands, the logic being the MFL existed to provide similar benefits. When the use value law was fully implement in the year 2000, it resulted in a major change in how our state taxed rural lands.

Has this change been beneficial to those of us who produce corn, beans, and other agricultural products? Absolutely. It was needed to help us be able to economically produce important agricultural products.

However, there were consequences. One of the most significant was that those of us who decided the best use of marginal crop land was to plant trees quickly discovered that our property taxes skyrocketed. As evidenced by the closing of many of our state's tree nurseries, the planting of trees, in many cases, is no longer an economically viable land use option.

So what does that have to do with this bill and efforts to update the MFL.

Let me give you an example.

In 1987 I was able to purchase some degraded woodland in Southwest Wisconsin. A few years later, after developing a management plan, for free by the way, with my local DNR forester I enrolled in the MFL. For last 30 years I've worked hard to restore it. My woodland is now one I'm proud of, producing some high quality walnut and other fine hardwoods, which are soon scheduled to be harvested. Today I pay a little less than \$2/acre in property taxes, a tax rate a little bit higher than the \$1.26/acre my neighbor farmers pay for land they pasture.

So when my agreement expires in a couple of years will I renew? The simple answer is NO. I'd first consider re-pasturing my woods. By doing so my taxes would even go down from what I pay today. If I couldn't stomach seeing cows back in the woods I worked so hard to restore, I'll make some simple changes to my property to allow me to qualify for an Agricultural Forest classification, a classification that would reduce my property taxes by 50%. Although my taxes would still be slightly higher than the current MFL \$10.68/acre rate, I wouldn't have to make a 25 year commitment, I wouldn't have to pay to have a new management plan developed, I wouldn't be subjected to a variety of regulations on how I managed my land and, importantly, I'd be able to lease my property to be able to receive income between future harvests.

Although AB 561 incorporates a variety of positive changes recommended by the Council and others, what this bill does not include is, what I believe, one of the most important recommendations made by the Council on Forestry. That is, that landowners once again be allowed to lease their property to be able to receive income between harvests. This right was taken away from us, without any recourse, by language inserted into the 2007 budget bill. It needs to be part of this bill if we hope to encourage more landowners to consider the MFL as a way to be able to continue to produce the raw material needed by our forest products industry.

Thank You.



Testimony on SB 434 Assembly Committee on Environment and Forestry

Wisconsin Alliance of Forest Owners December 8, 2015

Mr. Chairman and Committee Members:

My name is Doug Duren and I'm representing the Wisconsin Alliance of Forest Owners, a newly formed trade association that represents the interests of Wisconsin's private woodland owners, including the over 40,000 landowners who have MFL orders. We are tree farmers who manage 59% of Wisconsin's forest land and who provide 67% of the raw material needed to support Wisconsin's \$20 billion forest industry. Additionally, our woodlands are directly tied to two of the State's other biggest economic engines: our woods provide the beautiful backdrop for the Wisconsin tourism economy and also the wildlife habitat and hunting grounds for our State's hunting economy and heritage. No other rural land type offers more to Wisconsin's diverse economy, legacy and future than private woodlands. Thank you for the opportunity to provide testimony on this bill.

THE MANAGED FOREST LAW IS NO LONGER COMPETITIVE WITH OTHER LAND USES

Since its inception almost 30 years ago, tree farmers have embraced the MFL program as a means to allow them to sustainably grow trees and keep land in forest. In exchange for committing to keep their land as a productive forest for the next 25 years, they were provided a differential tax rate that recognized that growing a crop of trees requires a long term commitment. These tree farmers also agreed, in return, to follow a management plan that commits them to providing the raw material needed to sustain our forest products industry. But, as we can all agree, revisions to the program are needed. This bill takes some good steps in that direction.

WAFO POSITIONS ON THIS BILL

First, WAFO wants to acknowledge the work done on MFL by many fine people over the past several years. Awareness has increased on the need to revise the program and some good progress has been made on developing proposed changes.

However this bill, although a step in the right direction, needs language which would once again allow landowners to receive consideration in exchange for allowing others to recreate on their land before we could support its passage.



Elements of SB 434

- Eliminating the severance and yield tax. No other harvested agricultural crop is subject to this special tax that costs timber producers approximately \$1.5 M every year.
- A provision that provides greater clarity to private property owners that they are signing a
 contract when they enroll in the MFL If significant statutory changes are made,
 landowners must be given an option on whether or not they wish to continue to be in the
 program, similar to a process used by the USDA with CRP and other contracts.
- Return closed acreage fees back to the counties and municipalities where the parcel is located rather than have it being directed back to state government. (Currently closed acreage fees generate about \$6 M/yr.)
- Revising the archaic regulations on the transfers and splitting of lands enrolled in MFL.
- Reduction in the withdrawal penalty, although penalties proposed still greatly exceed those
 applied to other rural agricultural lands.
- Providing recognition that natural disasters can affect tree production and allowing landowners more flexibility to restore production or withdraw non-productive lands from the program.
- Provisions related to small land withdrawals for construction purposes.
- Allowing additions of 3 or more acres of land to existing agreements.
- Expanding the ability for some landowners to close more than 160 acres within any one municipality.

What WAFO Does Not Support

• This bill DOES NOT include language which would allow landowners to receive consideration for allowing others use of their land. There is language in this bill (Section 36) that says "An owner of land designated as closed may permit a person who performs land management activities on the land to access the land for recreational activities" but this is meaningless. Landowners can permit access now, whether or not someone performs land management activities on their land. Importantly, this bill does not change language under 77.83(2)(am) which still clearly states landowners CANNOT receive any consideration for use of their land.

Where SB 434

• No reduction of the special state closed tax landowners must pay. WAFO strongly recommends that the growing of timber be recognized as an agricultural crop. MFL tax rates need to be compatible with those applied to other agricultural lands if we expect landowners to grow the fiber needed by our forest products industry in a profitable manner. While we support directing closed acreage fees to local governments, the current \$10.68/acre rate is excessive, greatly exceeding the average \$3.17/acre property tax paid on other agricultural



promoting healthy & productive woodlands

lands. The \$10.68/acre rate will often prevent tree farmers from managing their crop as a viable business venture.

- Limiting the amount of acreage "businesses" can close. It would appear the intent of the authors was to limit the ability of large, industrial, landowners from being able to close significant amounts of their land. However, the definition of business owner includes trusts and Ilc's, organizations many family landowners utilize for titling their land for tax and other family purposes. Consideration should be given to more specifically define who is an industrial land owner, whether it be a REIT, TIMO or other large business.
- Clarification of Contract language. WAFO supports having MFL agreements being a contract.
 Proposed language refers to changes that affect the "order" or "management plan". If broader statutory changes are made which do not directly change the order or plan but materially affect the contract, they also should be included as part of the contract.
- Withdrawal penalty has been limited to a maximum of 10 years with the penalty based upon the current forest tax rate times the number of years the land has been in the program. Unlike current law, landowners would not be given credit for taxes paid, i.e. they would not receive credit for the \$10.68/acre tax they paid which would be fairer. Although this is a positive change it comes nowhere close to the 3 year penalty associated with taking other agricultural land out of production.

Thank you for this opportunity to testify. Please know we very much want to work with you and other stakeholders to make the MFL an improved and sustainable program.

Respectfully submitted,

Douglas J Duren
Wisconsin Alliance of Forest Owners

The Managed Forest Law

A Summary of Recommended Program Revisions

Prepared By:

The Wisconsin Council on Forestry

Date:

June 19, 2013

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EXECUTIVE SUMMARY

The following report contains 24 proposed revisions to the Managed Forest Law (MFL) that Wisconsin's Council on Forestry (CoF) reached consensus on and recommend for consideration by the legislature as modifications to the Managed Forest Law.

The level at which the Council members could reach consensus varies by issue. Some issues have fairly specific proposed modification, while on others, Council members agree the issue should be subject to more detailed legislative analysis. The ease or level at which the Council reached consensus on a given issue should not be misconstrued as an indicator of the importance of the individual issue for MFL modification, or as a scale of the extent of the benefits resulting from the proposed change.

The package of 24 issues presented here comprises, what the Council feels, is a well-balanced group of modifications. Attempts to single out certain issues could have consequences with interconnected issues or may impact support for the overall process. More detailed analysis of the issues and proposed modifications follows.

The four issues listed under the Administration group (Proposed Revisions 20-24) were deemed to all be reasonable and generally without concern to advance. The Council without too much difficulty or concern reached consensus on the proposed modifications on 17 of the issues. These 17 issues included:

- Reduce/restructure withdrawal taxes and fees Proposed Revision 2
- Change the procedure to allow counties to generate and collect financial transactions for MFL yield and withdrawal taxes Proposed Revision 3
- Eliminate the 5% yield tax comparison requirement for determining withdrawal taxes Proposed Revision 4
- Allow small acreage withdrawals without full description withdrawal Proposed Revision 5
- Allow the sale or transfer of a portion of a MFL legal description without having to withdraw the entire legal description prior to ownership transfer Proposed Revision 6
- Allow lands to remain in MFL, or allow exempt withdrawal if natural events cause lands to no longer meet productivity requirements – Proposed Revision 7
- Allow exempt withdrawal of limited unproductive acreage if splits in ownership cause lands to no longer meet productivity requirements – Proposed Revision 8
- Increase minimum acreage entry size allowed Proposed Revision 9
- Allow additions to existing MFL entries regardless of entry year Proposed Revision 10
- Eliminate lands with improvements with assessed values Proposed Revision 11
- Shift the contents of s. NR 46.18 (4), Wis. Adm. Code (large owners), to the managed forest land subchapter of Ch. 77, Stats Proposed Revision 12

- Allow for electronic signature/approval by DNR and landowner on revised management plan documents for existing participants – Proposed Revision 14
- Eliminate the application referral process Proposed Revision 15
- Revise the current application process for renewal of MFL lands Proposed Revision 16
- Require landowners to identify access for the public that is equivalent to the landowner's access to lands open to the public or deny the ability to enroll (or keep) MFL lands as open Proposed Revision 18
- Repeal prohibition on recreational leasing for small landowners Proposed Revision 19
- Modify DNR oversight intensity in on-the-ground-management for certified large owners Proposed Revision 20

The Council, after more lengthy discussion and in some cases after reworking the specific proposed modification, was able to reach general consensus to move these three remaining issues forward:

- For any individual issue or proposed modification, the level of agreement, or importance of the modification being made to the MFL, typically varies by stakeholder, individual, or group. Adjusting the per acreage fee, and if so to what degree, is a modification where this is especially true. This, at least in part, played a role in the Council's difficulty in reaching consensus on a specific direction for this issue. The CoF concluded that the rates, how they are calculated and how the fees are distributed needs to be examined further.
- Require modified management plans for DNR designated large ownerships to include the establishment of an allowable harvest calculation Proposed Revision 13

 The CoF reached a consensus on the recognition that the continued production of timber on large ownerships be addressed within the parameters, requirements, and intent of the MFL to include considerations for timber volume and the time component of timber being on the market. The CoF consensus included awareness that this issue may warrant further analysis.
- * Allow landowners to open or close lands regardless of acreage Proposed Revision 17

 The CoF hesitantly, by consensus, agreed that this modification addresses the process of "gerrymandering" ownerships to increase closed acreage. The CoF also agrees with the value of MFL lands open for public use and as such recognizes the conflict with this and the proposed modification

BACKGROUND

In 2012 the Council on Forestry undertook an effort to identify and assess potential modifications to Wisconsin's Managed Forest Law. The intent was to generate a set of modifications that could be introduced through legislative procedures to ultimately amend the MFL. The alterations, as determined through the procedure described below, focused on efforts to modernize and streamline MFL, and maintain overall program viability. More specifically, any modifications should ideally accomplish the following criteria:

- > Reduce DNR administration cost, conflict, and/or law complexity
- > Maintain public, non-MFL stakeholder, understanding and support
- > Maintain municipality and local government support

- > Support the core MFL purpose of sound forest management and commercial timber production (as ref. Wis. Stat. 77.80)
- > Encourage continued program enrollment and discourage non re-enrollment
- > Address concerns of MFL forest land owner stakeholder groups
- > Address concerns of industry stakeholder groups

This document provides a summary of the potential modifications agreed to by members of the Council on Forestry. An analysis of the current situation and the proposed modifications are included.

PROCEDURE

The proposed modifications contained herein were in part the result of the efforts of a committee established by the CoF in 2012 to address concerns expressed by selected forestry stakeholders regarding numerous issues related to the DNR administration of the program and MFL landowner participation. Individuals participating in the committee's efforts include:

- Richard Wedepohl CoF Member, Wisconsin Woodlands Owners Association (Chair Phase 1)
- * Tom Hittle CoF Member, Steigerwaldt Land Services, Inc. (Chair Phase 2)
- Henry Schienebeck CoF Chair Great Lakes Timber Professionals Association
- * Representative Jeff Mursau -CoF Member
- * Representative Fred Clark CoF Member
- Nancy Bozek Wisconsin Woodlands Owners Association
- * Kim Quast CoF Member, Wisconsin Consulting Foresters Quast Forestry Consulting
- ❖ Troy Brown CoF Member, Lumber Industry Representative Kretz Lumber
- * Bill O'Brion Plum Creek
- * Richard Stadelman Wisconsin Towns Association

Technical Advisory/Non-voting members

- ❖ Mark Paulat Wisconsin Department of Revenue
- Robert Mather Department of Natural Resources Staff technical advisor
- * Kathy Nelson Department of Natural Resources Staff technical advisor

The Department of Natural Resources, consistent with the Secretary's ongoing directive to provide technical assistance, but not policy advice, on any and all issues within the purview of the legislature, provided members to the committee for technical assistance only, and in furtherance of its obligations to provide technical assistance in support of the work of the Council. None of the proposals or conclusions represents the formal policy position of the Department, since formal policy determinations are generally within the scope of the authorities granted to the Natural Resources Board or the Secretary. Nothing in this document should be interpreted as the Department of Natural Resources support or policy advice, particularly considering the multiple user groups, stakeholders and natural resource impacts that were not represented as part of the deliberations in the generation of this document (Tribes, hunting, fishing, water quality, recreational access, etc.).

At the February 1, 2013 CoF meeting Council members were presented with a list of issues compiled by the DNR which contained those identified by the MFL Committee and additional administrative efficiency issues identified by the DNR in their capacity as a technical advisor. Council members were asked to select the top five issues of concern to be addressed as possible amendments to the MFL. Selections were tallied and summarized and for this document grouped into the following categories:

- * Tax Rates and Fee Structures (1-4)
- Management and Management Plans (12-16)
- * DNR Oversight (20)

- * Eligibility (5-11)
- * Leasing and Open/Closed Acreage (17-19)
- * Administration (21-24)

Issues occurring at least three times in the Council member's list of their "top 5" were selected for additional analysis. Certain issues were broken down further from the initial description for individual consideration and analysis.

RESULTS

This report provides an analysis of each issue agreed to by the CoF. A brief narrative covering the current situation and proposed modifications is presented along with indication as to if the change would be retroactive (in effect for lands already enrolled *and* new enrollments) or prospective (only in effect for new entries after MFL amendment).

The report prepared by the MFL Committee, including all potential modifications considered and those removed from consideration, can be found in the CoF meeting materials for the April 22, 2013 meeting located at http://Council.wisconsinforestry.org/meetings.php.

The package of 24 issues presented here comprises what the CoF feels is a well-balanced group of modifications. Attempts to single out certain issues could have consequences with interconnected issues or may impact support for the overall process.

MODIFICATIONS

Tax Rates/Fee Structure

Proposed Revision 1: Change in rate or how rates are calculated for open/closed acreage.

Current Situation: MFL landowners pay an acreage share tax in place of regular property taxes. MFL landowners who close land to public recreation also pay a closed acreage fee. There are two acreage share and closed acreage fee formulas, depending if lands were enrolled in MFL in 2004 and earlier or 2005 and later. Statewide data is used to determine the acreage share tax rate and closed acreage fees for both sets of formulas. Since assessed values, equalized values, tax rates, and other tax values differ depending upon land location within the state, using a statewide value can show greater MFL tax rate benefits in some parts of the state and lower MFL tax rate benefits in other parts of the state. Conversely, some local municipalities may see that property tax revenues are greatly reduced with lands being enrolled in MFL, while other municipalities see a minimum reduction in property tax revenues. The open and closed per acre rates are summarized as follows looking back to 2003 and ahead to 2017.

ACCC BRICA Self Self (B)	Enrolled	1987 - 2004	Enrolled 2	005 or Later
EFFECTIVE DATES	OPEN ·	CLOSED	OPEN	CLOSED
2003 - 2007	\$0.83	\$1.95	\$1.46	\$7.28
2008 - 2012	\$0.67	\$1.57	\$1.67	\$8.34
2013 - 2017	\$0.79	\$1.87	\$2.14	\$10.68

Open Acreage share tax = 5% of average statewide tax on productive forest land (\$42.70/acre) Closed acreage fee = 20% of average statewide tax on productive forest land (\$42.70/acre)

Under current law, local municipalities normally keep 80% of the open acreage tax and the remaining 20% is remitted to the County. The entire amount of the closed acreage fee is remitted to the County, who then remits the entire amount to the State's Forestry Account for allocation by the Legislature.

Current MFL Open Acres ±: Current MFL Closed Acres ±: 2,138,000 acres (65% enrolled 1987 – 2004)

1,107,000 acres (82% enrolled 1987 - 2004)

Total MFL Acres:

3,245,000 acres

Concern has been expressed by some that the current closed acreage fee in particular is too high and can lead to landowners seeking other tax treatments or pursing land management which can have negative impacts on forest sustainability. Property taxes on land categorized for taxation purposes as Agricultural Forest can be lower than the MFL per acre closed rate in parts of Wisconsin. Concern has also been expressed by some that per acre property tax rates much above the open rate are not conducive to economically and sustainably managing forested properties for timber. There is also concern regarding tax revenue amount and shifting of tax burdens if rates were lowered.

Retroactive / Prospective: The 2005 and later tax formula was made effective for all lands enrolled or reenrolled in MFL on or after April 28, 2004, setting some precedent that any new tax rate or formula also be made prospective after the effective date of the law change, although there is no recommendation on this from the CoF.

Conclusion: The CoF concluded that the rates, how they are calculated, and how the fees are distributed needs to be examined. There was Council consensus that consideration should be given to allocating some portion of the closed acreage fee to local municipalities. In the end CoF believes MFL rates need to be attractive to landowners to incentivize enrollment and foster sustainable forest management while at the same time providing the public with a return consistent with their investment in the program.

Proposed Revision 2: Reduce/restructure withdrawal taxes and fees.

Current Situation: Landowners who withdraw lands from MFL early are required to pay a withdrawal tax and fee based upon the assessed value of the land in the year prior to withdrawal, the net town tax rate, and the number of years under the law. All acreage share and yield taxes are subtracted. A \$300 withdrawal fee is added. Some withdrawal taxes can be high if lands were re-assessed while enrolled in MFL. The withdrawal tax does a variety of things: (1) reimburses local municipalities for lost tax revenue, and (2) provides an incentive to keep forests as working forests. In each scenario, landowners who withdraw early may not be providing timber products and other public benefits for the 25 or 50 year term in which they enrolled. The MFL withdrawal tax was originally designed to reimburse municipalities for unpaid property tax, however the longer the lands are enrolled in the MFL program the more chance that lands have been re-assessed. The reassessment has the effect of increasing the size of the withdrawal tax payment since the withdrawal tax formula uses the assessed value in the year prior to withdrawal and then uses that value for the entire length that lands were enrolled in MFL, which can result in a withdrawal cost exceeding the actual value of the property. Previously paid acreage share and yield tax amounts are subtracted from the withdrawal fee owed by the landowner withdrawing the MFL lands.

Withdrawal penalties for converting agricultural use value taxed lands range from 5 to 10 percent of adjusted land values, unless left fallow for one year prior to development after which no penalties are assessed for conversion. Penalties for lands under the Farmland Preservation Program rezoned for development were eliminated by the legislature in 2011 because they were thought to be excessive. More information on the assessment of agricultural properties can be found here: http://www.revenue.wi.gov/pubs/slf/pb061.pdf

Proposed Modifications: Modify the current withdrawal tax formula to reduce the amount due on lands if voluntarily or involuntarily withdrawn. Establishing a maximum number of years to be used in the withdrawal tax formula would acknowledge the amount of time a landowner was enrolled in MFL and remained in compliance with the program before withdrawing. The procedure of subtracting the paid acreage share and yield taxes from the withdrawal fee would be eliminated. (This also provides for the elimination of the need to report harvest volumes on cutting reports by legal description.) The calculation of the withdrawal fee could be based on the individual parcel ad valorem tax for the year prior to withdrawal and a maximum number of years rather than the total years the lands were enrolled.

Retroactive: This modification is envisioned to be retroactive for all existing and future MFL enrollments.

Conclusion: The CoF concluded that determining a reasonable maximum number of years to be used to calculate withdrawal tax will require further analysis in order for it to be appropriate to encourage continued MFL participation of enrolled lands along with new enrollments.

Proposed Revision 3: Change the procedure to allow counties to generate and collect financial transactions for MFL yield and withdrawal taxes.

Current Situation:

MFL Yield Tax: The DNR bills landowners for yield tax every one to two months following completion of a timber harvest on MFL lands and the submittal of a cutting report by the landowner. DNR calculates amount owed (volume harvested by forest product multiplied by an average annual zonal rate). There are 13 zones in the state to better reflect market conditions. The landowner is given until the end of the month following billing to pay the invoice and the state can charge 12% interest on late payments. The

DNR collects monies, including interest, and is required by statute to pay the local municipality annually. (Normally this payment is done quarterly). The local municipality is then required to pay the County 20% of amount collected annually. This occurs in 71 counties with a total of approximately 2,000 invoices statewide annually. The number of invoices by county varies widely from a couple invoices per year to several hundred.

MFL Withdrawal Tax: The DNR determines which lands are no longer in compliance with the law. The landowner is provided an opportunity to come into compliance and if they fail to do so the DNR issues an Order of Withdrawal. Copies of that Order are sent to the County and local municipality. The DNR then works with the Department of Revenue (DOR) to determine the MFL withdrawal tax amount (DOR determines the "net property tax rate" value). DNR credits any yield and acreage share taxes paid for that specific parcel), adds a \$300 administration fee, generates the bill, collects the funds, and pays the local municipality once payment has been received. The DNR keeps the \$300 administration fee and sends the remainder to the local municipality. The local municipality currently keeps 80% and sends 20% to the County.

Proposed Modifications: Have the counties take over the MFL yield and withdrawal billing and collection.

MFL Yield Tax: The DNR would continue to ensure timber is harvested sustainably and determine the amount of the yield tax owed. The DNR would enhance their computer system to compute the bill amount and make information available for a county to download via electronic file. Counties would be given access to DNR computer database in order to facilitate timely and simple access to those records for which an invoice needs to be prepared. Counties would invoice and collect yield taxes from landowners. They would also be able to charge interest on late amounts. Counties would then be required to split those funds with the local municipality as required by law. (20% county/80% local municipality). Counties would handle any unpaid invoices as a special charge on the property tax bill as currently authorized by Statute. Local DNR foresters would be made available for landowner or municipality questions regarding an individual yield tax account.

MFL Withdrawal Tax: The DNR would still determine when to issue an Order of Withdrawal. The county would determine and collect the withdrawal tax due. The DNR would seek to have the withdrawal tax rate formula simplified to be the actual property tax rate for that specific parcel the year prior to withdrawal as previously described. This change would make the calculation simpler and better reflect the actual taxation rate that would have been paid had the land not been enrolled in the MFL. Once the withdrawal tax is collected, the County would send the local municipality their share. The DNR would seek to allow the county to bill and keep the \$300 administration fee and would also seek to not have the landowner receive credits for any MFL acreage share or yield taxes paid while enrolled in the law.

Retroactive: This proposed process would be used for all existing and future MFL and FCL entries/landowners.

Conclusion: Council members have had some communication with county representatives and concluded there is interest on their part to examine this further. The CoF reached consensus to move this issue forward for legislative consideration.

Proposed Revision 4: Eliminate the 5% yield tax comparison requirement for determining withdrawal taxes.

Current Situation: Landowners are required to pay the higher of two withdrawal tax calculation formulas, based on (1) an amount based on assessed value, net town tax rate and number of years in the MFL program, or (2) 5% of the established value of timber based on tree species, volume and product within the established market zones. In 90% of cases the formula based on assessed value is used. DNR determines the 5% yield tax calculation based on forest reconnaissance data contained in the DNR computer database. If the two withdrawal tax calculations are close, DNR requests DNR foresters to obtain new forest reconnaissance data before making the final determination of which calculation to use.

Proposed Modifications:

- Eliminate the comparison of the 5% yield tax with the assessed value calculation.
- Eliminate the need for a court ordered estimate if landowners disagree with the 5% yield tax calculation when determining withdrawal taxes.
- Use the withdrawal calculation process in Proposed Revision 2.

Retroactive: This proposal would need to be made retroactive to all MFL landowners in order to create efficiencies in MFL administration.

Conclusion: The CoF agreed to move this issue forward for legislative consideration.

Eligibility

Proposed Revision 5: Allow small acreage withdrawals without full description withdrawal.

Current Situation: Landowners are allowed to withdraw lands from MFL if they are (1) an entire parcel of MFL lands (not necessarily the same as a tax parcel), (2) all MFL lands within a quarter-quarter section, or (3) all MFL lands within a government lot or fractional lot. Lands that are transferred to a new owner must meet MFL eligibility requirements. Transferred lands not meeting these criteria must be withdrawn from MFL. Most MFL withdrawals are due to splits in ownership and the transfer of parcels less than 10 acres in size.

Proposed Modifications:

- Allow landowners to withdraw small acreage to be used for building site or land sale without impacting remaining MFL land eligibility provided remainder meets minimum acreage eligibility.
- Limit the number of times a small acreage can be withdrawn during an order period (in part to prevent withdrawal as subdivision developments) to a maximum of 1 withdrawal for lands under a 25 year MFL order and 2 withdrawals for lands under a 50 year MFL order.
- Landowner would pay normal withdrawal tax, as proposed in the "Reduce/restructure withdrawal taxes and fees" modification but only on acres removed.
- Allowed withdrawals would be in whole withdrawal acres and limited in size to 1.0 to 5.0 acres and meet minimum zoning requirements.

Retroactive: In effect for all present and future MFL entries.

Conclusion: The CoF agreed to move this issue forward with recognition this be allowed to a limited extent per MFL order.

Proposed Revision 6: Allow the sale or transfer of a portion of a MFL legal description without having to withdraw the entire legal description prior to ownership transfer.

Current Situation: Lands transferred to new owners during the order period must meet all eligibility requirements in place for initial enrollment. The lands must also be transferred as an entire quarter-quarter section, fractional or government lot, or an entire parcel. Lands that do not meet all of the eligibility criteria must be withdrawn from the MFL program. An owner looking to sell a portion of a MFL description is required to withdraw the entire legal description and pay the withdrawal fees.

Proposed Modifications:

- Eliminate provisions requiring only entire legal descriptions be transferable while still in the MFL.
- Coordinate continued MFL eligibility requirements for transferred and retained portions of the legal description with proposed modifications related to minimum eligibility size and the provision to Allow exempt withdrawal of limited unproductive acreage if splits in ownership cause lands to no longer meet productivity requirements.

Retroactive: This will be retroactive for all existing entries.

Conclusion: The CoF agreed to move this issue forward for legislative consideration.

Proposed Revision 7: Allow lands to remain in MFL or allow exempt withdrawal if natural events cause lands to no longer meet productivity requirements.

Current Situation: MFL lands must meet eligibility requirements for initial enrollment and continued eligibility, including (1) 10 or more acres, (2) at least 80% productive forest, (3) no more than 20% unsuitable/unproductive forest, (4) not developed for commercial recreation, industry, trade, or other land use incompatible with the practice of forestry, (5) not developed as a human residence. Lands that do not meet these criteria must be withdrawn from the MFL program. The number of withdrawals due to lands not meeting productivity requirements after natural events is low, however it is expected that the number may increase as a result of invasive species such as the Emerald Ash Borer.

Proposed Modifications:

- Establish the ability for lands to exceed the non-productive level for a designated amount of time to provide for restoration of forest productivity levels, and/or allow exempt withdrawal if reason for the lands exceeding non-productivity levels is due to a natural event (flooding, insect, disease, etc., to be further defined by DNR in administrative code).
- At the end of enrollment period (25 or 50 years) any lands not meeting productivity requirements would not be allowed to be re-enrolled.
- Administrative code could identify the amount of time allowed for MFL lands to be brought back into compliance with eligibility requirements.

Retroactive: This will be retroactive for all existing and future entries.

Conclusion: The CoF agreed to move this issue forward for legislative consideration.

Proposed Revision 8: Allow exempt withdrawal of limited unproductive acreage, if splits in ownership cause lands to no longer meet productivity requirements.

Current Situation: MFL lands must meet eligibility requirements for initial enrollment and continued eligibility, including (1) 10 or more acres, (2) at least 80% productive forest, (3) no more than 20% unsuitable/unproductive forest, (4) not developed for commercial recreation, industry, trade, or other land use incompatible with the practice of forestry, (5) not developed as a human residence. Lands that do not meet these criteria must be withdrawn from the MFL program. Lands that were enrolled as larger ownerships with orders that met productivity requirements at the time of entry occasionally no longer qualify after a land transfer and MFL order division.

Proposed Modifications:

- Maintain provisions requiring transferred (sold and still under MFL) lands must meet the 80/20 productivity eligibility requirements, but allow exempt withdrawal of the minimum acres needed in order for the parcel to meet productivity requirements.
- Require that only the minimum amount of unproductive acres be allowed to be withdrawn in order
 to allow remaining parcel(s) to meet 80/20 productivity eligibility requirements. This would be an
 exempt withdrawal.

Retroactive: This would be in effect for existing and new MFL lands.

Conclusion: The CoF agreed to move this issue forward for legislative consideration.

Proposed Revision 9: Increase minimum acreage entry size allowed.

Current Situation: The minimum acreage for enrollment in MFL is 10 contiguous acres. Of these 10 acres, 80% of the lands must meet productivity requirements, and no more than 20% of the lands can be unsuitable for producing timber products. None of the lands can be developed for commercial recreation, industry, trade or a human residence. The minimum size of 10 acres was established because the expired Woodland Tax Law (WTL) had a 10 acre minimum.

Proposed Modifications: Increase the minimum size requirements for new MFL entry or parcel size to 15 acres. Maintain the 10 acre minimum eligibility requirement.

Prospective: The proposal would affect new entries and re-enrollments only.

Conclusion: The CoF agreed to move this issue forward with recognition that further analysis may be warranted to examine impacts in certain areas of Wisconsin where small woodlots are prevalent and important to maintain.

Proposed Revision 10: Allow additions to existing MFL entries regardless of entry year.

Current Situation: Landowners who enrolled lands in MFL in 2004 and earlier are unable to add lands to these MFL Orders. The legislature addressed the inability to add lands to a 2004 or earlier MFL Order by creating the ability to withdraw the 2004 and earlier entry, and re-enroll those same acres with the additional acreage to be added under a 2005 and later MFL entry. A withdrawal tax is not issued in these situations. Landowners are taxed using the 2005 and later formulas. A new 25 or 50 year term would be in effect. Withdrawal taxes include the time the lands were enrolled in the 2004 and earlier order until the time the original MFL Order would normally have expired. DNR is required to track past withdrawals and re-designations.

Proposed Modifications:

- Modify the references to the 2005 change in the MFL program when the change in tax calculation formula became effective.
- Modify the requirements that after April 28, 2004 lands that meet eligibility requirements must be
 enrolled as new entries. Any additions to an existing entry would expire the same year as the
 original order. Eliminate the withdrawal and re-designation application process.
- Acreage added to an existing MFL entry is taxed at same rate as the initial acreage and treated the same for withdrawal fee calculations.
- Additions would only be for contiguous acreage and not for acreage able to stand alone and still be eligible to be entered into the MFL.

Retroactive: Changes in how to process withdrawal taxes would be made retroactive to reduce the tracking of Withdrawals and Re-designation MFL Orders, and the additional withdrawal tax calculations needed if lands are withdrawn early from the MFL program. This provision allows for new additions to existing MFL orders.

Conclusion: The CoF agreed to move this issue forward subject to it being limited to otherwise ineligible, contiguous lands.

Proposed Revision 11: Eliminate lands containing improvements with assessed values. Except those improvements for land management purposes (culverts, fences, bridges, roads).

Current Situation: Landowners may enroll lands with buildings that are used for working or recreating on the MFL property. Buildings are taxed as personal property. DNR withdraws lands from MFL if personal property taxes become delinquent. Buildings used for a human residence must not exceed 4 of the 8 building characteristics as outlined in NR 46, Wis. Admin. Code, except that buildings created prior to 2004, when DNR announced in the Forest Tax and Stewardship Newsletter that landowners enrolled in MFL prior to the 1997 statute change and who had not already built a human residence needed to abide by the NR 46 building requirements. Previously existing structures on MFL lands exceeding the NR 46 building requirements have been allowed to remain in the MFL program until expiration. Many cabins are upgraded or homes built new to allow for human residences and habitation. This has the appearance of lands not being compatible with the practice of forestry, making it difficult for the public to support. Buildings meeting the building criteria and landscaped also provide difficulties in determining if MFL lands with buildings can remain in the MFL program.

Proposed Modifications:

- · Change statutory provisions to eliminate entry of lands with improvements.
- Eliminate references to the building requirements. Will need to keep this provision for those MFL entries that are already enrolled and will be grandfathered up to a specific date identified in the statute.
- Include wording on the property tax rolls to show lands with improvements are not allowed after
 the effective date of the MFL change. Similar wording would be added to statutory provisions for
 withdrawal of lands for failure to pay personal property taxes.

· Set whole acre exclusion area surrounding any buildings.

Prospective: This would be in effect for all new entries.

Management and Management Plans

Proposed Revision 12: Shift the contents of s. NR 46.18 (4), Wis. Adm. Code (large owners), to the managed forest land subchapter of Ch. 77, Stats.

Current Situation: DNR allows landowners meeting the criteria of a large landowner to keep management plans and forest reconnaissance data for their properties in their own ownership or office, and provide DNR with a commitment to follow their management plan. DNR has the authority to audit the large landowner's management plan and reconnaissance data. DNR has given consideration to large landowners in the management of their properties in that a large landowner is not required to have site specific management plans, but rather a general plan on the management of their overall property. Large landowners have a forester on staff or retained, have reconnaissance data for their property and management criteria on when to harvest and update forest reconnaissance data. DNR may audit management plans and systems to determine continued eligibility under the MFL program.

Proposed Modifications: Copy the wording for large ownership requirements from NR 46, Wis. Admin. Code and place it into ch. 77, Wis. Stats. While the proposed change has little effect on large or small landowners, moving the NR 46 wording to statute allows for the statute to reflect different changes for large landowners. (See below for the specific text of NR 46.18 (4).)

Retroactive/Prospective: This proposal has no effect on large or small landowners, either retroactively or prospectively.

Conclusion: The CoF agreed to move this issue forward for legislative consideration.

s. NR 46.18 (4), Wis. Adm. Code:

- (4) LARGE OWNERSHIPS.
- (a) The requirements of this section for management plans may be modified by the department for ownerships exceeding 1,000 acres after consideration of the following:
- 1. Other land of the owner entered as managed forest land, forest crop land or other forest tax law programs administered by the department.
- 2. The number of counties in which lands proposed for entry or renewal or the owner's existing managed forest land and forest crop land and woodland tax law lands lie.
- 3. The existence and availability for review of a management plan prepared by or for the owner and acceptable to the department.
- 4. Submission of a written commitment from an owner to provide, upon department request, information from the management plan for review or audit. The commitment shall describe the management plan and outline the procedure used to update and amend the management plan.
- 5. An owner's demonstrated consistent accessibility to competent technical forest management assistance through staff or consultant services.
- (b) A management plan under s. <u>77.82 (3)</u>, Stats., shall be developed by owners who no longer qualify as a large ownership in sub. (4) (a). All items listed in s. <u>NR 46.16 (2) (f)</u>, (g), and (h) must be submitted to the department for approval within one year after being notified by the department of no longer meeting the requirements in sub. (4) (a).

Proposed Revision 13: Require modified management plans for DNR designated large ownerships to include the establishment of allowable harvest calculations.

Current Situation: Landowners who qualify as a large landowner are expected to follow their own written management plans. DNR can audit those plans and other program criteria to ensure lands enrolled continue to meet conditions of the MFL program. Harvesting occurs according to the landowner's management plan.

Proposed Modifications: Require a calculated allowable harvest be established for large landowner properties. This modification would provide for multiple accepted approaches to calculating allowable harvests and allow harvest levels that can vary to some definable degree over time. The calculated allowable harvest would require DNR approval to ensure compliance with statutory requirements. Administrative code would be developed to identify what is required in allowable harvest analysis.

Retroactive/Prospective: The CoF remains silent as to whether or not requirements to address this topic be retroactive or prospective.

Conclusion: The CoF reached a consensus on the recognition that the continued production of timber on large ownerships be addressed within the parameters, requirements, and intent of the MFL to include considerations for timber volume and the time component of timber being on the market. The CoF consensus included awareness that this issue may warrant further analysis.

Proposed Revision 14: Allow for electronic signature/approval by DNR and landowners on revised management plan documents for existing participants.

Current Situation: In the past, forest management plans for MFL properties were hand written and required the signature of both landowner and DNR forester. The signatures on the management plan acknowledged that both the landowner and DNR forester agreed with forest management prescriptions. Changes have occurred with the development of WisFIRS and computer generated management plans. Currently landowners submit their proposed management plan to DNR for approval as an attachment to their MFL application. The MFL application includes a landowner signature. DNR approves the management plan along with approving the application.

DNR requires all management decisions to consider current stand conditions, current science, current landowner goals and new MFL program requirements when implementing scheduled forest practices. This requirement allows sound forestry to be practiced on all MFL lands, regardless of specific wording contained in management plans. DNR foresters are required to adjust management plans based on new landowner goals, current forest conditions and current science, and program requirements.

Future updates to management plans will be facilitated with WisFIRS. As forest practices are completed, new forest reconnaissance data is collected and practices are entered into WisFIRS generating a new plan for the landowner. DNR foresters on occasion have struggled in the past to complete updated management plans since the current process to obtain a landowner's signature can be very time consuming.

Proposed Modifications: Allow DNR personnel to obtain landowner approval and acknowledgment of a revised management plan by electronic means using e-mail or other electronic formats.

Retroactive: Updated management plans currently being written through WisFIRS do not have a space for landowner or DNR signature. (The signatures are a part of the application process for new enrollees into MFL.) Updated management plans will need to be developed with a method to allow for electronic approval of the revised plan. This change will be for updates to existing plans.

Conclusion: The CoF agreed to move this issue forward for legislative consideration.

Proposed Revision 15: Eliminate the application referral process.

Current Situation: DNR is required to have a referral system and a process to determine if services from a Certified Plan Writer (CPW) are not available. The process requires landowners to have submitted a written request for plan writing services through the Forestry Assistance Locator. If by January 1 in the year an MFL application is due, landowners who have not been contacted by a CPW may request the DNR prepare the MFL application. Area DNR forestry supervisors will then contact each CPW in the county in which the lands lie and verify that CPWs received the request and have either denied or not offered services. CPWs may make an offer at this time. If CPWs do not respond to the area forestry supervisor or have replied that they are not interested in providing service, the area forestry supervisor may assign the development of that MFL application to a DNR forester. DNR is required to prepare MFL applications for landowners if services from a Certified Plan Writer (CPW) are not available. As of 2013, there are 178 CPWs statewide. DNR has not developed an MFL application for 2 years, with DNR developing an annual average of 1 to 2 MFL applications over the past 4 years. The CPW program continues to grow, making it less likely that landowners will be unable to find services from a CPW.

Proposed Modifications:

- Eliminate the need to develop and manage a referral list.
- Eliminate the collection of a management plan fee.
- Eliminate the need to determine when services from a CPW are not available.
- Eliminate the contracting of MFL applications by the Department.
- Elimination of the referral system would mean that DNR Foresters would not develop any new MFL applications or charge landowners for MFL applications that it develops. DNR would continue to collect information on fees charged by CPWs as a way to determine cost-share rates for plan development under the Wisconsin Forest Landowner Grant Program (WFLGP).

Prospective: This provision would be prospective.

Proposed Revision 16: Revise the current application process for renewal of MFL lands.

Current Situation: Landowners may re-enroll lands in the MFL program at the expiration of their current 25 or 50 year term. Landowners are required to hire a Certified Plan Writer (CPW) to develop a new application, and create a new forest management plan. Through statute, special notification provisions to municipalities and counties have been removed for a renewal. Because there are fewer statutory requirements for a renewal than a new entry, it is reasonable for DNR to treat renewals differently than new entries. Landowners and foresters have noted that if forest reconnaissance and land management plans are current, and there have been no changes in land ownership, location, acreage, land use, etc., a renewal can be done without developing a new MFL plan and application.

Proposed Modifications: Renewals of MFL agreements would eliminate the need for landowners to develop new management plans, and ultimately the review of those plans by DNR staff. DNR would deny a renewal only if (1) the lands fail to meet eligibility requirements, (2) the landowner has failed to comply with the management plan in effect on the date the application for renewal is filed, (3) there are delinquent taxes on the land, (4) ownership and entry acreage has changed, (5) forested acreage has not had an inspection/update date in WisFIRS within the last 5 years or has not been updated to reflect any recently completed management activities, and (6) the management plan does not contain scheduled mandatory practices for the duration of the new entry period. Tax rates for renewals would be based on the 2005, or later rate schedule.

Prospective: This provision would be prospective since landowners who have already re-enrolled lands into the MFL program would not benefit from this modification.

Leasing and Open/Closed

Proposed Revision 17: Allow small landowners to close lands regardless of acreage.

Current Situation: Under current law, landowners enrolled in the MFL are allowed to close 160 acres of land to public recreation, of which only 80 acres or two legal descriptions per municipality may be lands enrolled in 2004 or earlier. This acreage limitation encourages landowners to subdivide property into different ownerships in order to legally close as much land as possible. In some situations, lands are subdivided and land-locked properties are created. The land-locked properties are taxed under MFL as open to public recreation; however there is no legal entry into the lands, making it inaccessible to the public. Landowners whose intent is to close as much land to public recreation as possible have many legal means to create different ownerships in order to close 160 acres per ownership per municipality. The ability to create different ownerships results in the majority of lands enrolled in MFL by non-industrial private landowners to be closed to public recreation. The additional number of owners in entities such as LLCs, Trusts, Partnerships, etc. also increases the number of MFL applications.

Proposed Modifications: Eliminate the closed acreage limitation. The provision to remove the closed acreage limitation would allow landowners the ability to close lands to public recreation without having to create LLCs, trusts, other non-natural entities, or combinations of natural persons.

Even though this modification is contrary to the original intent of the law, it addresses the issue generating the largest number of complaints to the DNR; MFL participants navigating around the closed acreage limit.

Prospective: This provision would apply to landowners who are entering or renewing lands into MFL. Landowners already in the MFL would not benefit from this modification.

Conclusion: The CoF hesitantly, by consensus, agreed that this modification addresses the process of "gerrymandering" ownerships to increase closed acreage. The CoF also agrees with the value of MFL lands open for public use and as such recognizes the conflict with this and the proposed modification.

Proposed Revision 18: Require landowners to identify access for the public, equivalent to the landowner's access, to lands open to the public or deny the ability to enroll (or keep) MFL lands as open.

(Small landowners who cannot provide access to open lands would lose their MFL-open tax status.)

Current Situation: Landowners may close up to 160 acres of land to public recreation with the intent remaining lands are open to public recreation. Many landowners have learned to create multiple ownerships in order to close lands to public recreation. However; some of these ownerships are developed in a manner where lands open to public recreation are surrounded by other ownerships closed to public recreation, even though the same landowner or groups of landowners may have interests in both ownerships. This situation allows for lands open to public recreation to be effectively land-locked, making it difficult for the public to realize the benefits of recreating on MFL – Open lands.

Proposed Modifications: Create a provision requiring a landowner to identify access to lands open to public recreation equivalent to the access the landowner uses, or deny them the ability to enroll or maintain lands as "MFL-Open". (Landowners who cannot provide evidence of legal access to open lands

would lose their open tax status and be required to pay the closed MFL acreage rate.) This would apply to any land-locked MFL legal description.

MFL ownerships categorized by the DNR as large landowners would be provided with a mechanism to allow exceptions given the inherent possibility that over large acreages managed for timber production that a small amount of land may have access limited to the occurrence of forest management activities. This exception would also recognize the large acreage of publically accessible lands associated with these owners. In addition, designated large landowners would not be allowed the option to close lands to public use (other than as currently provided by the MFL for temporary periods).

Retroactive: Retroactive for existing landowners in the MFL program and prospective for new enrollments.

Conclusion: The CoF agreed to move this issue forward for legislative consideration.

Proposed Revision 19: Repeal prohibition on recreational leasing for small landowners.

Current Situation: MFL landowners are not allowed to receive consideration for recreation activities on MFL lands. Consideration can be in the form of cash, goods or services. Recreational users, including hunters, may give MFL landowners gifts as a thank you for recreating on private lands. The leasing prohibition was effective on January 1, 2008. Many MFL landowners who leased lands for recreation lost income with the January 1, 2008 leasing prohibition. Between 1986 and 1992, leasing of MFL lands for recreation was not allowed since leases were determined to be akin to having commercial recreation. In 1992, a change in Wis. Admin. Code allowed lands to be leased since most leases did not affect the development of the lands, and lands were left in a natural state, continuing to be managed for forestry purposes.

Proposed Modifications: Permit leasing including other agreements for consideration (reimbursement) allowing persons to engage in a recreational activity. This provision would reverse the 2008 legislation, allowing small landowners the ability to lease lands again.

This reinstatement would exclude DNR designated large ownerships where leasing would not be allowed consistent with the previous revision requiring large ownerships to be open for public use.

Retroactive: This provision would be retroactive.

DNR Oversight

Proposed Revision 20: Modify DNR oversight in on-the-ground management for certified large owners.

Current Situation: MFL landowners are required to submit a cutting notice at least 30 days prior to cutting. DNR Foresters review the cutting notice and approve or deny the cutting plan within 30 days. Review of the cutting notice may, and often does, include a DNR forester site visit to the property.

Proposed Modifications: The intent of the this modification is to clarify recognition that DNR designated large landowners with professional forest management staff and that are third party certified are not required to have each and every harvest approved via the current cutting notice process. As presented here it is contingent on the DNR establishing a credible audit procedure to assure management occurring on MFL lands meets the program intent of sound forest management as defined in Wis. Stat. § 77.80.

Retroactive: This provision would be retroactive and affect all large landowners who are 3rd party certified.

Conclusion: The CoF agreed to move this issue forward for legislative consideration with the understanding DNR and large landowners are able to work to streamline a process focusing on an outcome based approach model and allow DNR authority to assure MFL compliance.

Administration

Proposed Revision 21: Eliminate the study requirement for the MFL program after 5 years of its existence.

Current Situation: The requirement for a review of the MFL program after 5 years of MFL program has been completed.

Proposed Modifications: This provision cleans up wording that is no longer pertinent.

Prospective/Retrospective: NA

Conclusion: The CoF agreed to move this issue forward for legislative consideration.

Proposed Revision 22: Update the provision for DNR to report to the legislature on the number of exempt withdrawals. Remove references to WTL and include references to tribal lands for FCL lands.

Current Situation: DNR is required to report to the legislature the amount of lands that are withdrawn from MFL, Forest Crop Law (FCL) and Woodland Tax Law (WTL) as an exempt withdrawal if the number of withdrawals exceeds 1% of the total acreage of lands in the programs.

Proposed Modifications: This provision needs updating to reflect the ending of the WTL program and the beginning of the exempt withdrawal for tribal lands for lands owned by the tribes in FCL, similar to the Wis. Stat. s. 77.885 MFL provisions.

Prospective/Retrospective: NA

Conclusion: The CoF agreed to move this issue forward for legislative consideration.

Proposed Revision 23: Eliminate statutory provisions related to Woodland Tax Law

Current Situation: The Woodland Tax Law (WTL) has expired with the last WTLs expiring on December 31, 2001. Statutes continue to reference WTL and should be updated.

Proposed Modifications: Eliminate statutory provisions related to WTL.

Prospective/Retrospective: NA

Proposed Revision 24: Eliminate wording that directs the department to order MFL land withdrawn at the expiration of an MFL order period.

Current Situation: DNR notifies local municipalities of lands that have expired from the MFL program similar to the expiration notices used for Forest Crop Law (FCL). DNR has not issued formal Orders of Expiration, however; DNR does notify local municipalities of lands expiring from MFL, similar to FCL expirations. Municipalities are accustomed to receiving these types of notices from DNR, so keeping the notifications similar for both programs is important. This provision allows DNR to continue using current processes rather than the formal Order of Expiration process.

Proposed Modifications: DNR would be required to provide a list of lands expiring from the MFL program similar to the notification provided for the FCL program

Prospective/Retrospective: NA

SUMMARY

It is the CoF's belief this package contains a reasonable balance of outcomes across various stakeholder groups and proposed modifications adequately and reasonably addresses all seven of the initial criteria. Attempts to segregate out individual modifications or otherwise significantly alter the proposed modifications could upset this balance. The CoF process and issues brought forth by the department have been guided by the desire to focus on efforts to modernize and streamline MFL, and maintain overall program viability.

For the DNR, this package significantly addresses the streamlining and efficiencies goals through numerous efforts, some of which can be highlighted as follows:

- ✓ The re-design of the withdrawal and yield tax calculations and collections procedures
- ✓ Modifications to disallow structures
- ✓ Continued emphasis on using WisFIRS (digital plan signatures approval etc.)
- ✓ Streamlining MFL renewal and application referral procedures
- ✓ Numerous small administrative and law modifications

There are also several proposed modifications that should facilitate continued forest landowner interest and support for the MFL, some of which are as follows:

- ✓ The adjustments made to withdrawal fees and allowance for small acreage withdrawals
- ✓ Modifications to minimize impacts due to forest productivity standards
- ✓ Allowance for additions to existing neighboring MFL entries
- ✓ Altering the MFL renewal procedures for easier to re-enrollment
- ✓ Reinstatement of leasing (for small landowners)
- ✓ Removal of the limit on acreage for closed lands
- ✓ Streamline DNR oversight (for large landowners)

From the public and local government perspective it is anticipated the following proposed MFL modifications will yield continued support for the program:

- Requirement that open lands are truly open and accessible and all large ownerships remain open to public recreational use
- ✓ The elimination of provisions allowing structures on newly enrolled MFL lands
- Streamlined collection process for yield and withdrawal taxes connecting tax monies with local government more directly, and allowing collection of processing fees
- ✓ Modifications to withdrawal procedures and MFL minimum acreage eligibility which may place more lands on the regular tax role

The Managed Forest Law, with an origin dating back to 1985 has evolved over the years as necessitated to adjust to changes in a wide range of areas including in part, increasing property tax rates, digital technologies, forest certification, and an ever increasing list of desired program objectives and outcomes. Along with this came an expansion of the number and diversity of direct and indirect stakeholders. The MFL has thus evolved into a "one size fits all" program which has the potential of not being a perfect fit for any one stakeholder. Yet, to be a viable program going forward, there needs to be an acceptance of this general fit and the willingness by many to support the MFL for all of its combined benefits.

State of Wisconsin Department of Natural Resources dnr.wi.gov

Send completed form to the Department of Natural Resources Forester in the county where cutting will occur.

Cutting Notice and Report of Wood Products from Forest Crop and Managed Forest Lands

Form 2450-032 (R 7/15)

Page 1 of 2

1. File this notice at least 30 days prior to cutting.

Cutting prescriptions must be approved by the Department¹
of Natural Resources before cutting may begin. DNR Foresters
may attach additional requirements as a condition of approval.

3. Attach a map and additional pages to help describe proposed cutting.

Notice: Submittal of this form is required to assure compliance with these forest tax programs under s. 77.06 and s. 77.86, Wis. Stats. Failure to file a notice or report or intentional filing of a false report may be punishable by a forfeiture of up to \$1,000 and may result in withdrawal of the land from these programs.

Landowner Name and Address		County	Municipality					
		Daytime Phone Number	Cell Phone Number (optional)					
		Email Address (optional)						
Forester / Accreditation ¹	Phone Number	Select one: (Separate	notice/report must be filed for each order.					
Logging Contractor	Phone Number	Forest Crop Land:	Managed Forest Land					
Cutting Prescription: Describe the p target stand condition and forest pest	roposed cutting. Include the concerns. Identify marking p	current timber type, silvicultural aint colors used and what they r	system (even-aged, uneven-aged, etc.), epresent (attach additional pages if needed).					
4								
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BMP for Water Quality Prescription DNR BMP for Water Quality Manual.	: Address prescriptions to m	itigate water quality concerns. G	uidelines can be found in the Wisconsin					
BMP for Invasive Species Prescripti	ion: Address prescriptions to	o mitigate invasive species. Guid	elines can be found in the Forestry					
Invasives BMP Manual.								
NHI Prescription: Address any presc	riptions to mitigate Natural H	eritage Inventory (NHI) concerns	S					
*								
Archeological, Historical, Cultural P	rescription: Address any pr	rescriptions to mitigate archeolog	gical, historical and cultural concerns.					
Cutting Notice								
Complete page two of this form indicati 30 days prior to cutting.	ng estimated volumes of wo		nit to your local DNR Forester at least					
Signature of Landowner(s)	Date Signed	Approved by DNR Fores	ster ¹ Date Signed					
1Cutting notices submitted by Wisconsin Coo	perating Foresters or foresters ac	ccredited by Society of American Fore	esters, Wisconsin Consulting Foresters, or					

Association of Consulting Foresters do not require DNR approval. Landowners may request DNR review and approval of cutting notices when not required.

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